

# Euroclear FY 2021 Results



Released on 28 January 2022

# Strategic progress, investment and operational focus delivered 2023 financial targets - 2 years ahead of plan



## Focus on enablers

Customer-centred business strategy

Investment in resilient, scalable systems

Operational excellence & delivery

Dedicated and talented people



Sustained market demand / volatility



## Delivering strong performance

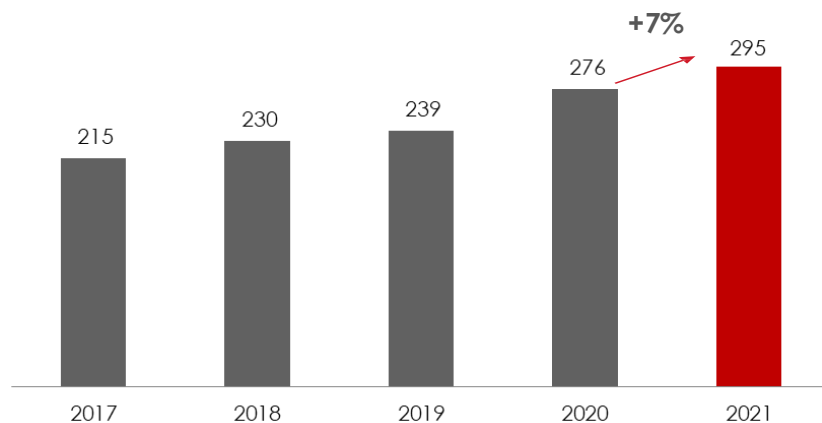
<b>Growing operating metrics</b>	€37.6 trillion	assets under custody	+15%
	295 million	transactions processed, worth €1 quadrillion	+7%
<b>Excellent financial results</b>	€1,557 million	operating income	+9%
	37.3%	business income margin	+4.6%pts
	€467 million	net profit	+8%
	€147.0	earnings per share	+7%
<b>Reaching strategic milestones</b>		<ul style="list-style-type: none"> <li>• MFEX acquired to enhance funds proposition</li> <li>• Euroclear Bank to join T2S</li> <li>• Strong attractiveness of Collateral Highway and Global Reach offering</li> </ul>	

# Resilient operating performance supported record number of transactions in 2021, driven by financial market volatility

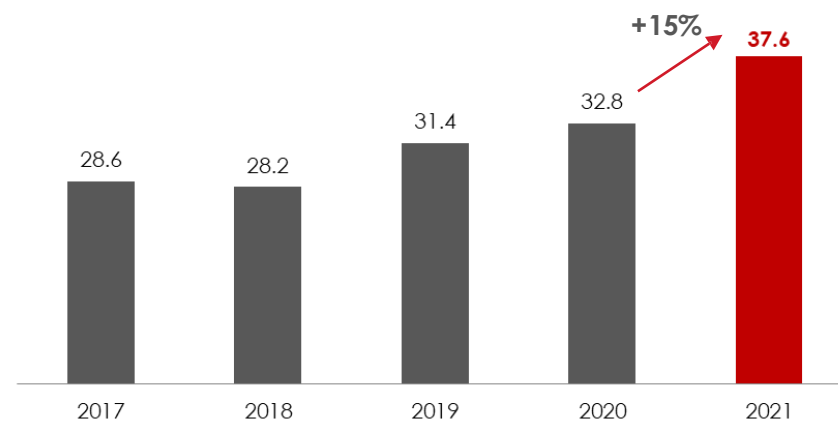


## Resilience

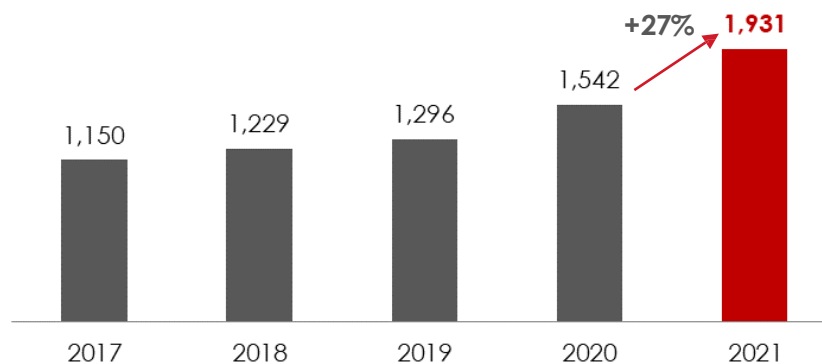
Yearly netted transactions (million)



Assets under Custody (€ trillion)



Collateral Highway (€ billions)



## Global Reach

**+15% (vs FY 2020) to €1.5 trillion**

Assets Under Custody

## FundsPlace

**+23% (vs FY 2020) to €3.2 trillion**


Assets Under Custody

Figures include MFEX Oct-Dec figures

# Excellent Financial Performance in 2021



 **€ 1467m Business Income**  
+15% vs FY 2020

 **€919m Operating Expenses**  
+7% vs FY 2020

 **€37% Business Income Margin**  
+4% vs FY 2020  
points

The improvement of the operational results pave the way for future growth

## Euroclear Holding\*

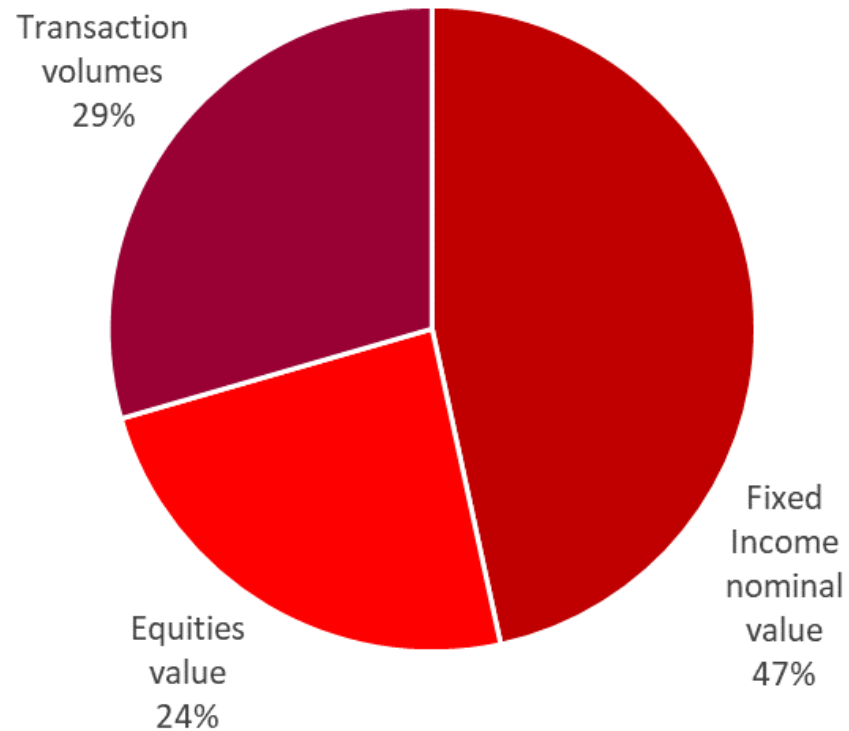
(€m)	FY 2020	FY 2021 (excl MFEX)	VS 2020	
<b>Operating Income</b>	<b>1430</b>	<b>1557</b>	<b>127</b>	<b>9%</b>
Business income	1280	1467	187	15%
Interest, banking & other income	150	90	-59	-40%
<b>Operating Expenses</b>	<b>-862</b>	<b>-919</b>	<b>-58</b>	<b>-7%</b>
<b>Operating Profit before impairment</b>	<b>568</b>	<b>638</b>	<b>70</b>	<b>12%</b>
Impairment	-2	-16	-14	
<b>Pre tax profit</b>	<b>566</b>	<b>622</b>	<b>56</b>	<b>10%</b>
Tax	-135	-155	-21	-15%
<b>Net profit</b>	<b>432</b>	<b>467</b>	<b>35</b>	<b>8%</b>
<b>EPS (incl MFEX for Q4 2021)</b>	<b>137.2</b>	<b>147.0</b>		<b>7%</b>
<b>Business income operating margin</b>	<b>32.7%</b>	<b>37.3%</b>		
<b>EBITDA margin (EBITDA/oper.inc)</b>	<b>46.6%</b>	<b>47.3%</b>		

\* 2021 figures do not include MFEX Oct-Dec figures, except for EPS

# Strong subscription-like business income



## Business income by driver \*



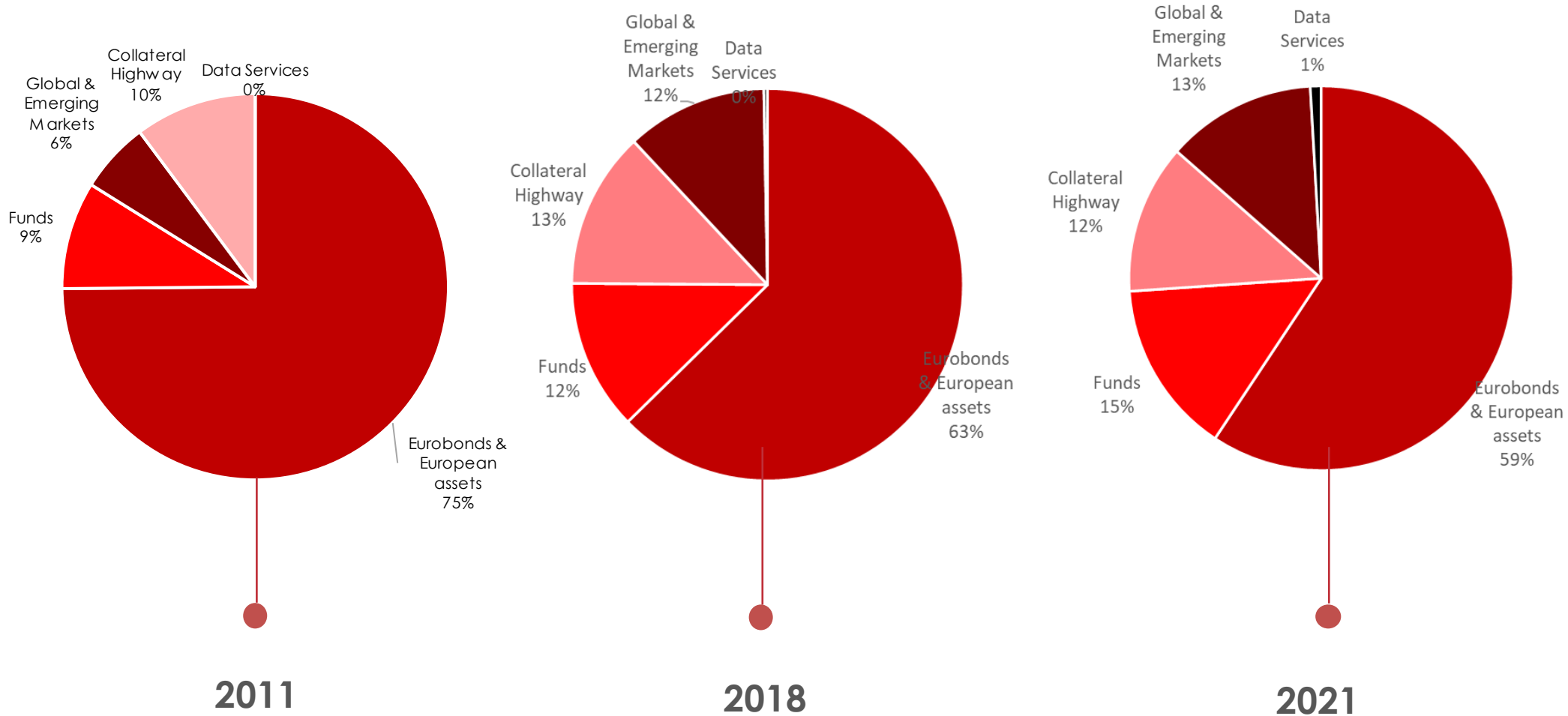
- Business income generated by three main drivers:
  - Transaction volume fees
  - Equities fees
  - Fixed income fees
- Fixed income fees are charged at nominal value and not sensitive to market conditions

\* Figures include MFEX Oct-Dec figures

# Diversified revenue model & transformation journey



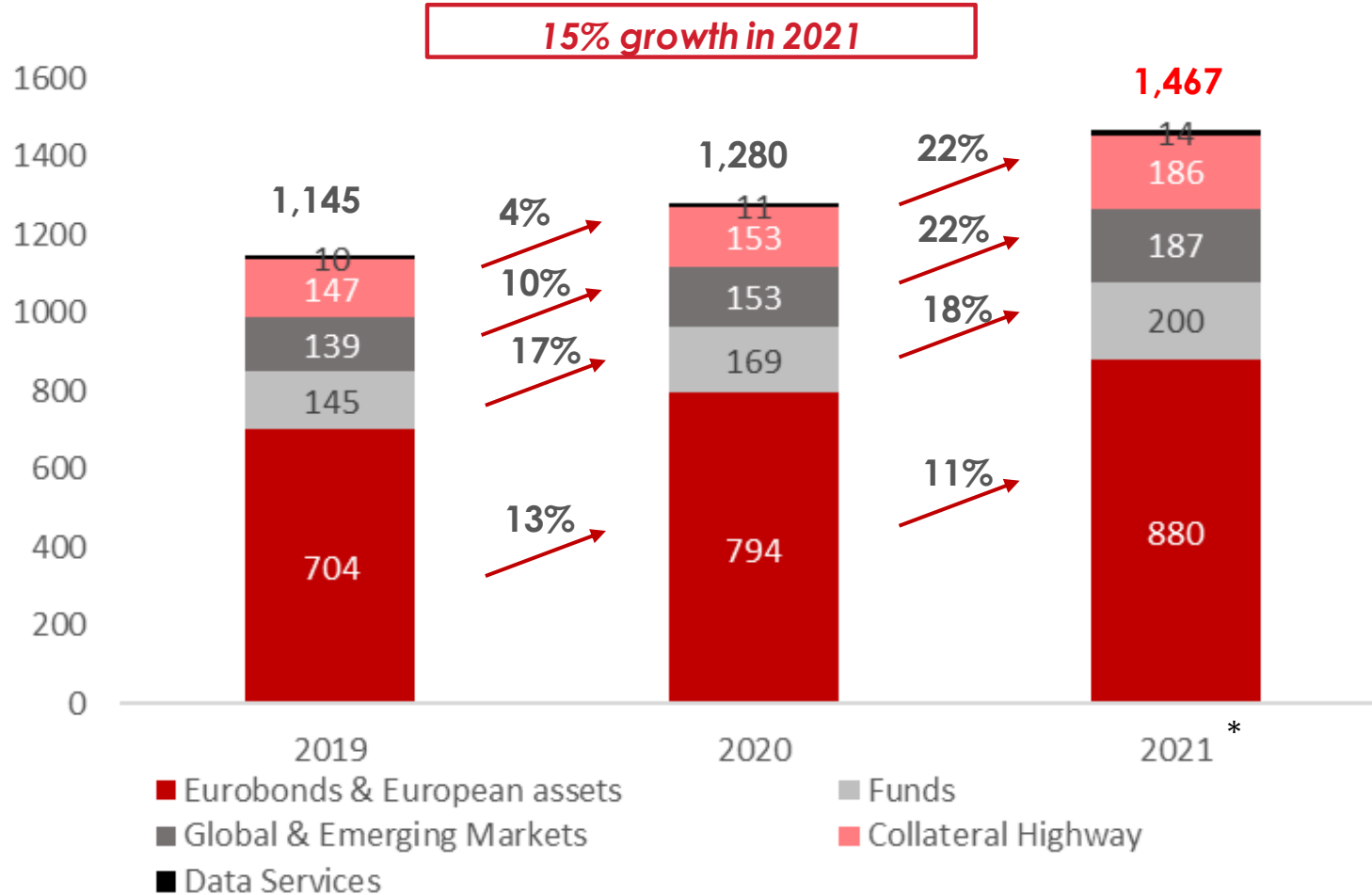
Non-core services increased from 25% to 41% of business income in 10 years



2021 figures include MFEX Oct-Dec figures

# Diversified Model Delivered Business Income Growth

Business Lines Track Record (€m)\*



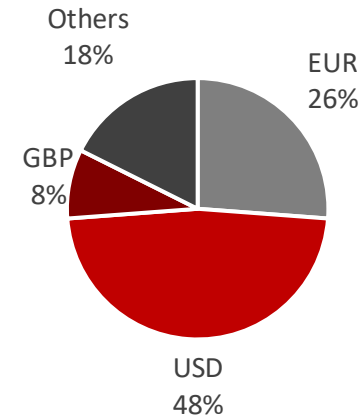
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# Cuts to USD Interest Rates Substantially Reduced Net Interest Income, in line with Sensitivity Guidance

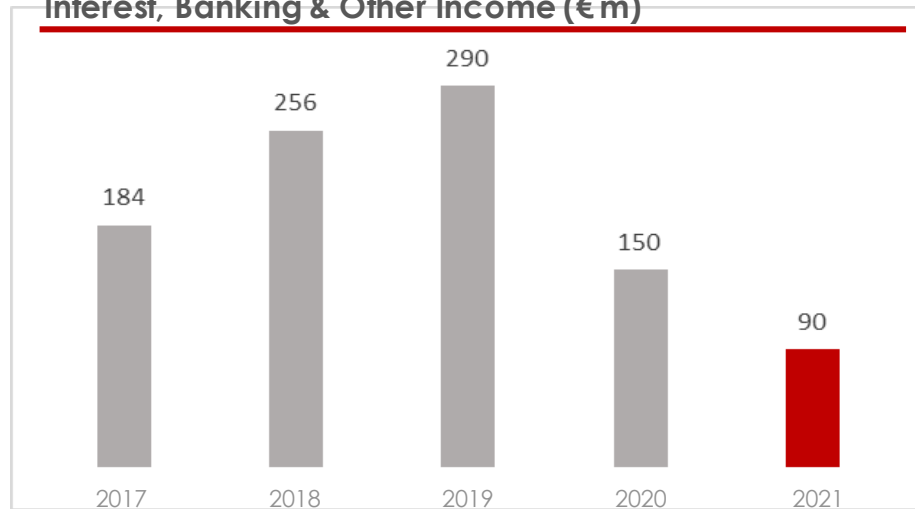


- Interest rate cuts continued in 2021, especially in USD, in response to COVID-19, materially reducing Interest, Banking & Other Income, from €150m to €90m.
- Interest rates in Eurozone remain negative
- **Rates:** Interest income cyclical in nature and highly correlated with interest rates
- **Volumes:** Balances slightly increased compared to 2020
- Financial impact of rate cuts in line with sensitivity guidance

## Deposits Currency Split



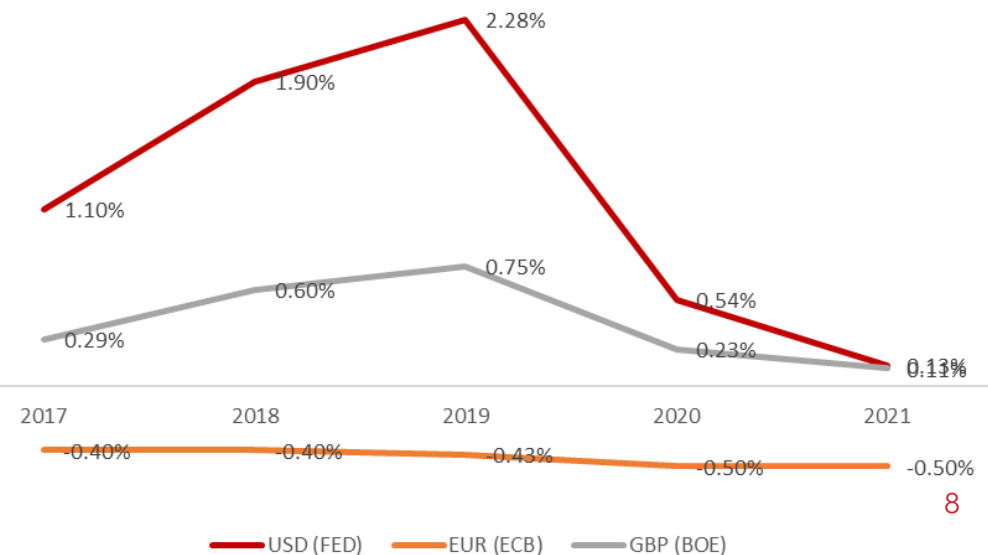
## Interest, Banking & Other Income (€ m)



Average Deposits (€ bn)



## Interest Rate Evolution (average)

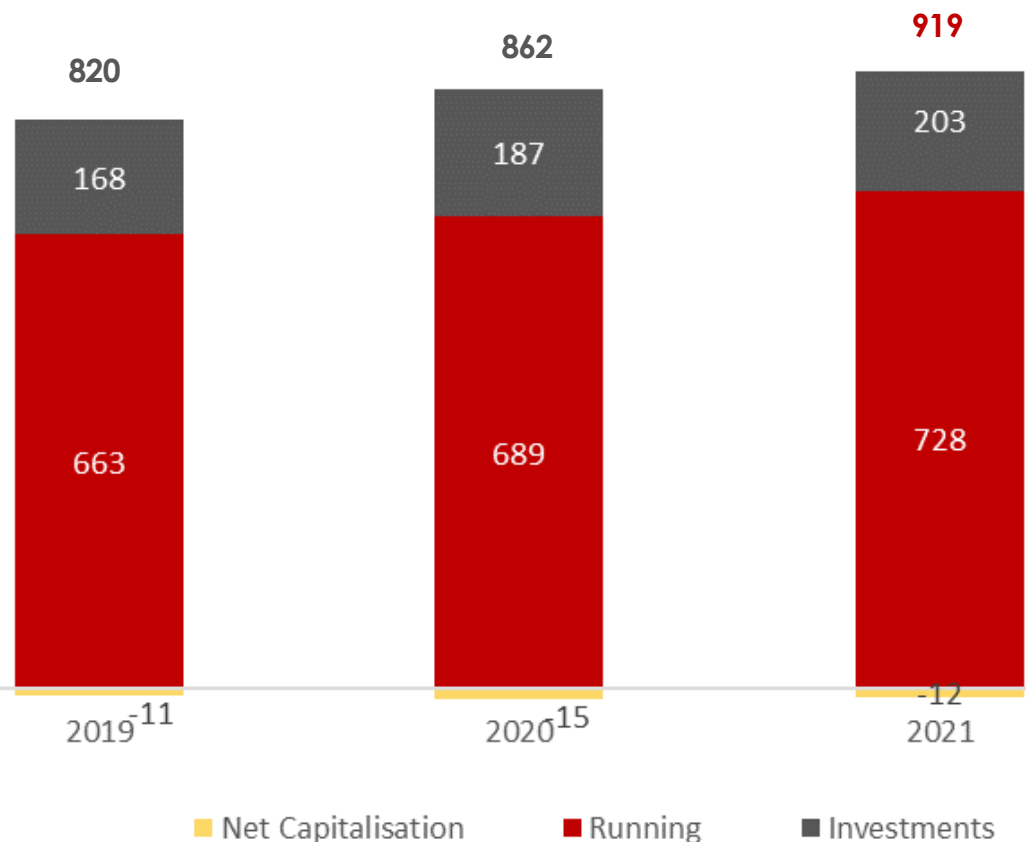




# Continued Focus on Cost Control and Strategic Investments, Despite Exceptional 2021 Circumstances



## Operating Expenses (€m) \*

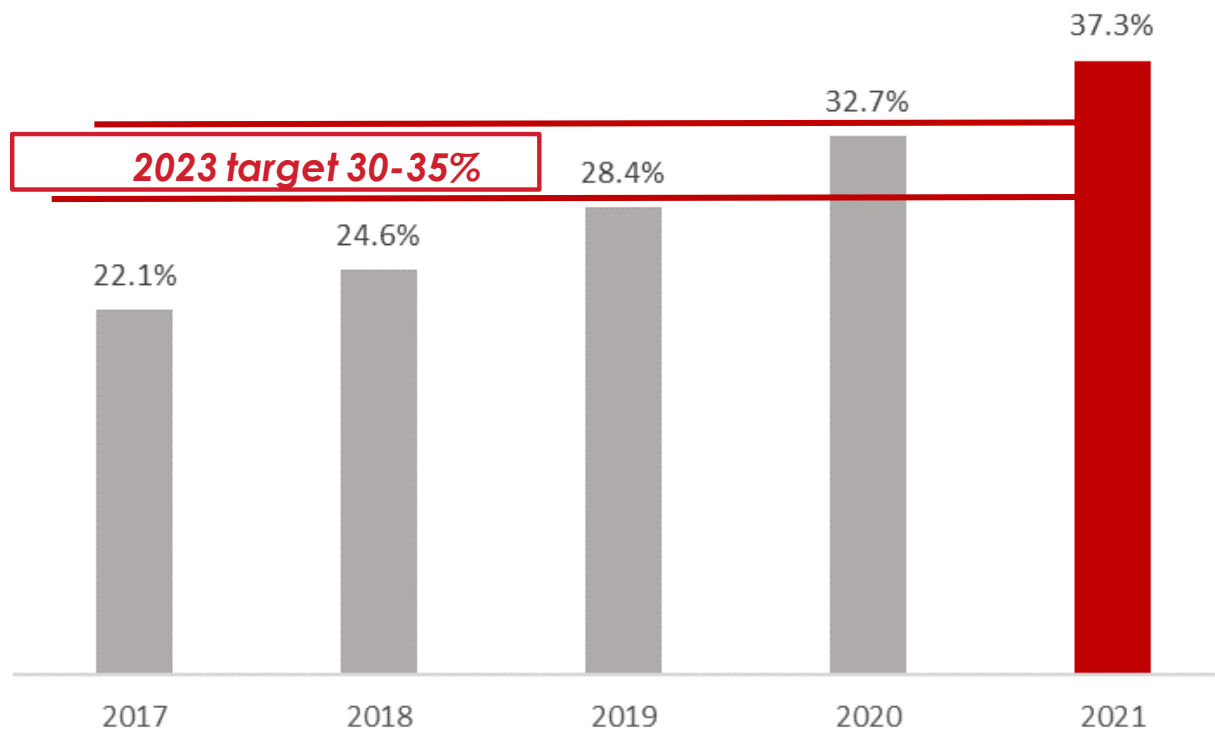


- High scalability of business as shown by the low 7% costs increase (5% if excluding MFEX acquisitions costs) compared to the significant 15% business income increase
- Operating expenses at €919m, up 7% vs 2020
- Exceptional circumstances throughout 2021 resulted in one-off costs
- Continued to invest in strategic initiatives to adapt technology capabilities and deliver product enhancements to support future growth
- Cost control remains a strong focus
- MFEX acquisitions costs for €17m included in 2021 €919m operating expenses

\* 2021 figures do not include MFEX Oct-Dec figures

# Business income margin growth has outpaced 2023 financial targets and offset weaker interest rate environment

## Business Income Operating Margin\*



- **Business income operating margin** is primary KPI to measure strategic delivery as it neutralises effect of interest rates
- Business income margin increased by 4.6 percentage points and reached 37.3%, already reaching 2023 strategic plan target
- Increase despite lower interest rate environment in 2021
- Increased over 15 percentage points since 2017

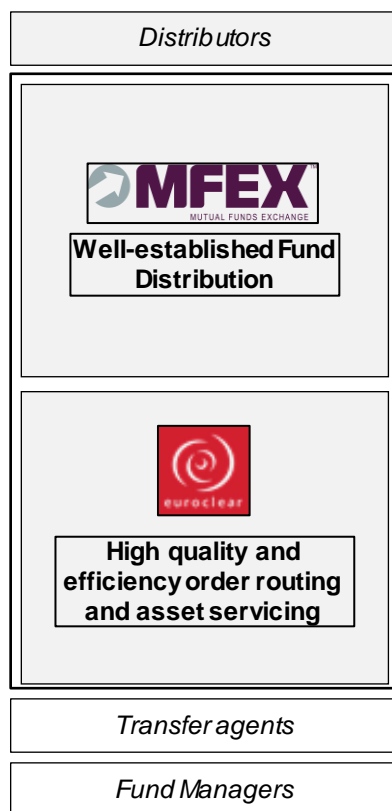
1. Business Income Operating Margin is calculated as the difference between Business Income and the Operating Expenses, divided by the Business Income

\* 2021 figures do not include MFEX Oct-Dec figures

# Position enhanced through selective, value-accretive M&A, strengthening customer offer and growth outlook



## MFEX by Euroclear = a new end-to-end funds platform



Strategic benefits: highly complementary businesses in attractive market



Opportunity to develop leading position by offering a one stop shop customer proposition



Combining talent and expertise into a team that builds new innovative solutions for customers



Realising significant synergies and being the springboard for further value creation opportunities

MFEX realized **€57m Revenue** and **€13m EBITDA** (excluding Non Recurring Items) in **FY 2021**

# MFEX integrated in Euroclear Holding consolidated figures



<b><u>Euroclear Holding consolidated P&amp;L</u></b>	<b>FY 2021 (without MFEX)</b>	<b>MFEX Oct-Dec</b>	<b>FY 2021 (incl. Q4 MFEX)</b>
(€ m)			
<b>Operating Income</b>	<b>1557</b>	<b>15</b>	<b>1572</b>
Business income	1467	14	1481
Interest, Banking & Other inc.	90	1	91
<b>Operating Expenses</b>	<b>-919</b>	<b>-22</b>	<b>-942</b>
<b>Operating Profit</b>	<b>638</b>	<b>-7</b>	<b>631</b>
Impairment	-16	0	-16
<b>Pre tax profit</b>	<b>622</b>	<b>-7</b>	<b>615</b>
Tax	-155	3	-152
<b>Net profit</b>	<b>467</b>	<b>-4</b>	<b>463</b>

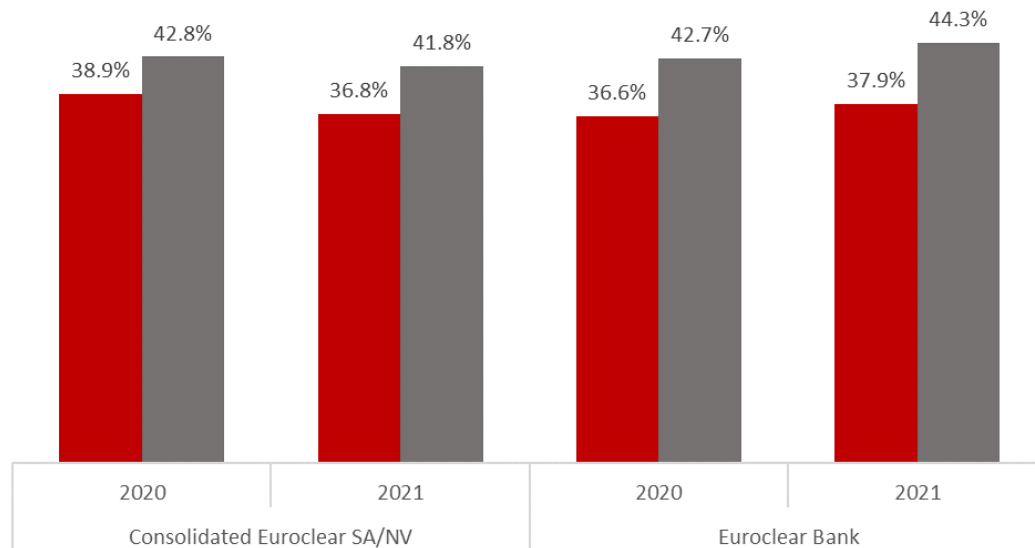
- Acquisition for a price of €505m
- Funded through debt (€350m) and own funds at a cost of €4.8m per year
- Acquisition costs were funded with available cash and reached €17m (not capitalized)
- Positive contribution of MFEX foreseen in 2023
- We expect revenue & costs synergies to be higher than €25m after integration

# Strong capital and low risk profile are critical to resilient and sustainable performance creating headroom for further growth



## Strong Capital Position

- Strong ICAAP framework set at 99.98% confidence level
- Capital above ICAAP threshold



■ CET1 ratio  
■ Total capital ratio

S&P  
AA

Fitch  
AA

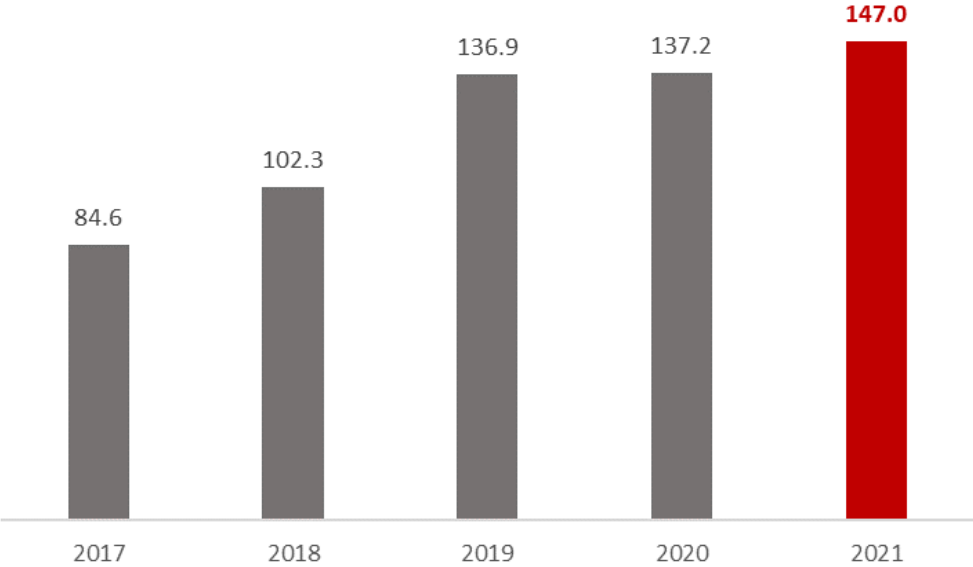
- **Financial Assets** above €9bn at group level
- **Shareholders' equity** at €4,781 before 2021 expected dividend payments
- **Capital ratios** remain robust, even with increased volumes, supporting Euroclear's low risk profile
- **Group leverage** remains very modest – **Net debt / EBITDA** at 1.3 (1.1 in 2020) following additional €350m debt issue
- **Low risk profile**
  - No operational losses
  - Strong risk culture
  - COVID crisis well managed

# Continued progress in shareholder returns



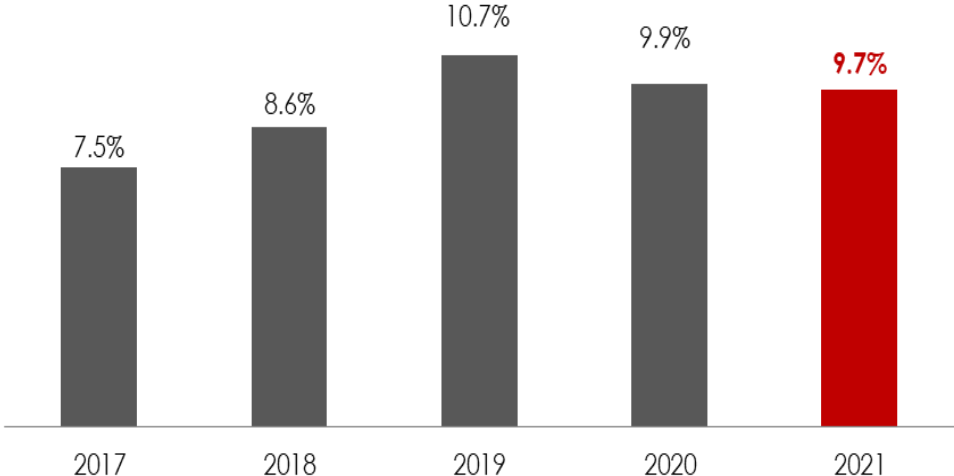
## Earnings per share

€/share



## Return on equity<sup>1</sup>

%



1. Return on Equity is calculated as the net profit of the year divided by the average shareholder equity, as reported in the year-end financial statements

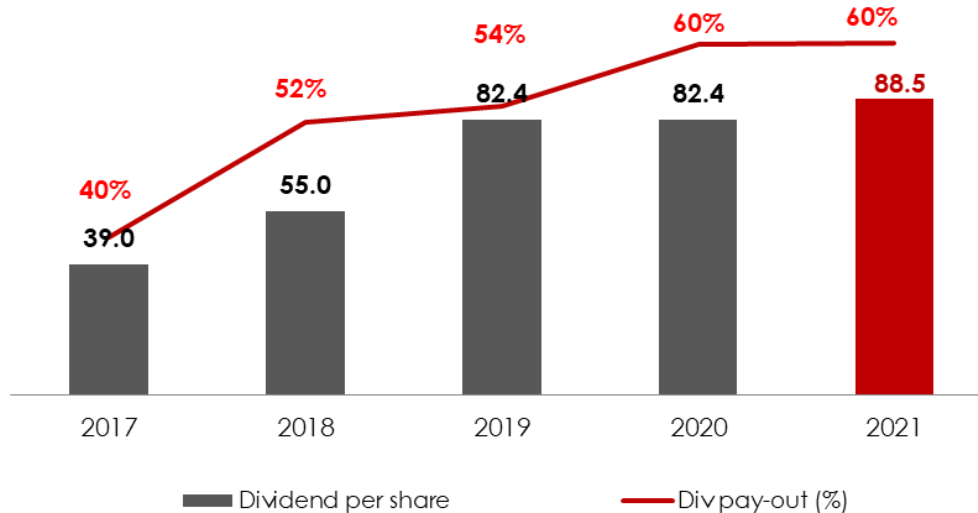
2021 figures include MFEX Oct-Dec figures

# Dividend per Share and NAV per Share significantly increased compared to 2020 levels



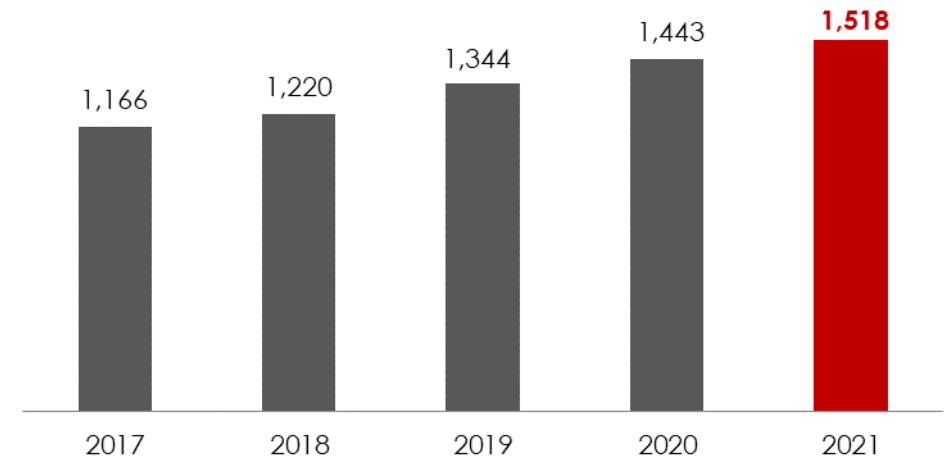
## Dividend per share<sup>1</sup>

€/share



## NAV per share<sup>2</sup>

€/share



1. Dividend guidance for 2019 and 2020 not yet paid. 2019 dividend is expected to be paid before end Q1 2021.

2. Net Assets Value per share is calculated as the reported equity at year end divided by the number of shares.



# Appendix



## Euroclear Holding \*

	(€ m)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	vs 2020
<b>Operating profit before Impairment</b>		<b>408</b>	<b>514</b>	<b>616</b>	<b>568</b>	<b>638</b>	<b>12%</b>
Depreciation, amortisation & other provisions		<b>38</b>	<b>64</b>	<b>70</b>	<b>75</b>	<b>73</b>	<b>-2%</b>
Net financial charges		<b>7</b>	<b>19</b>	<b>24</b>	<b>24</b>	<b>26</b>	<b>10%</b>
<b>EBITDA</b>		<b>453</b>	<b>596</b>	<b>709</b>	<b>667</b>	<b>737</b>	<b>11%</b>
<b>EBITDA margin (EBITDA/op.inc)</b>		<b>37%</b>	<b>45%</b>	<b>49%</b>	<b>47%</b>	<b>47%</b>	

\* 2021 figures do not include MFEX Oct-Dec figures

# Euroclear Holding – Summary Balance Sheet (in IFRS)



<b>Euroclear Holding Balance Sheet (€m)</b>	<b>2021</b>	<b>2020</b>
Cash and balances with central banks	6,054	4,029
Loans and advances	11,713	10,787
Financial Assets	9,279	9,932
Goodwill and intangible assets	1,502	1,020
Other assets	897	638
<b>Total assets / Liabilities</b>	<b>29,445</b>	<b>26,406</b>
Deposits from central banks	441	302
Deposits from banks and customers	16,675	14,780
Debt securities issued and funds borrowed	6,382	5,744
Shareholders' equity	4,781	4,796
Other Liabilities	1,166	784

# Euroclear Investments – Summary Income Statement (in IFRS)



(€ m)	2021	2020	Y-o-Y
<b>Net Operating income</b>	<b>550</b>	<b>25</b>	<b>2074%</b>
Net Interest Income	2	4	-56%
Other Income	0	21	-98%
Gains/Loss on non trading financial assets	8	-1	-1195%
Dividend Income	540	1	53733%
<b>Operating expenses</b>	<b>-1</b>	<b>-1</b>	<b>-8%</b>
<b>Share of results</b>	<b>0</b>	<b>0</b>	<b>0%</b>
<b>Operating profit before Impairment*</b>	<b>549</b>	<b>24</b>	<b>2189%</b>
Impairment	0	0	n.a.
Tax	-3	-1	-255%
<b>Net Profit</b>	<b>546</b>	<b>23</b>	<b>2251%</b>

# Euroclear Investments – Summary Balance Sheet (in IFRS)



€ million end of year balance	2021	2020	%
Loans & Advances	147.1	146.1	1%
Financial assets	310.0	312.4	-1%
Non-trading financial assets	1,236.4	1,103.5	12%
Current & Deferred income tax assets	0.0	0.0	n.a.
Other Assets & Accruals	0.2	0.1	9%
Property Plant & Equipment	0.1	0.1	-55%
Participations in group companies	806.2	581.2	39%
<b>Total Assets</b>	<b>2,500</b>	<b>2,144</b>	<b>17%</b>
Long Term Debt	1,653.6	1,303.0	27%
Intercompany Borrowings	0.0	0.0	n.a.
Financial Liabilities held for trading	0.0	0.0	n.a.
Income & deferred tax liabilities	50.8	49.7	2%
Other liabilities & Accruals	0.3	0.7	-61%
Shareholders' Equity	795.3	790.1	1%
<b>Total Liabilities</b>	<b>2,500</b>	<b>2,144</b>	<b>17%</b>

# Euroclear Bank - Summary Income Statement (in BEGAAP)



(€ m)	2021	2020	Y-o-Y
<b>Net Operating income</b>	<b>1,030</b>	<b>940</b>	<b>10%</b>
<b>Operating expenses</b>	<b>-613</b>	<b>-578</b>	<b>-6%</b>
<b>Share of results</b>	<b>0</b>	<b>0</b>	<b>n.a.</b>
<b>Operating profit before Impairment*</b>	<b>417</b>	<b>362</b>	<b>15%</b>
Provisions	10	1	n.a.
Impairment	0	0	n.a.
Tax	-103	-94	9%
<b>Net Profit</b>	<b>324</b>	<b>270</b>	<b>20%</b>

# Euroclear Bank – Summary Balance Sheet (in BEGAAP)



€ million end of year balance	2021	2020	%
Loans and advances to banks and customers	16,985	14,243	19%
Financial Assets	7,728	8,282	-7%
Goodwill and (in)tangible assets	21	10	104%
Other assets/accrued income	239	164	45%
<b>Total Assets</b>	<b>24,973</b>	<b>22,700</b>	<b>10%</b>
Deposits by banks and customers accounts	17,936	15,941	13%
Debt instruments issued	4,499	4,316	4%
Other liabilities/provisions	235	338	-31%
Subordinated liabilities	299	299	0%
Shareholders' equity	2,004	1,806	11%
<b>Total Liabilities</b>	<b>24,973</b>	<b>22,700</b>	<b>10%</b>

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